(b) if not, the reasons therefor; and

(c) by when it is likely to be fixed?

THE MINISTER OF POWER (SHRI R. KUMARAMANGALAM): (a) No, Sir.

(b) and (c) As per the provisions of the Electricity (Supply) Act, 1948, State Governments/SEBs are empowered to fix the electricity tariff for retail consumers including the farm sector.

Coelho Committee Report on Power Distribution

82. SHRI JANARDHANA POOJARY: Will the Minister of POWER be pleased to state:

(a) what are the details of recommendations of Coelho Committee report on distribution reforms in power sector;

(b) whether Government have called for the information from the States regarding reforms carried by them; if so, the details of the reforms carried by each State; and

(c) the States which have not so far carried any reforms?

THE MINISTER OF POWER (SHRI R. KUMARAMANGALAM): (a) A Statement showing the details of the recommendations of Coelho Committee Report on Distribution Reforms in power sector is enclosed in the Statement. (*See* below)

(b) and (c) The distribution of power being the responsibility of the State Government, the initiative for reform has to be taken by the States. The Central Government has circulated copies of the Coelho Committee Report to all State Governments. The State Governments have been requested to give due consideration to the recommendations of the Committee to initiate the reform of the distribution sector. The State Governments of Orissa and Haryana and Rajasthan have initiated steps towards the restructuring of the distribution sector. The other States have not yet carried out such reforms.

Statement

Details of the recommendation of Coelho Committe Report on Distribution Reforms in power sector.

1. Models for Restructuring/Reforms in Power Sector-

The Committee suggested various models for restructuring/reforms in the power distribution e.g.,. commercialisation of existing State Electricity Boards (SEBs), distribution by municipal undertakings, distribution co-operatives, contracting of services, management contract, expanding the area under existing licensees, joint venture, linking IPPs and distribution, etc. Each State can adopt one or the other (or multiple) model(s) as per its needs and requirements.

2. Rural Distribution:—

(i) The Committee has felt that rural electrification would be a critical issue in the context of private sector participation in power distribution. However, private participation in distribution in States with large areas of rural/agricultural loads would have to take place in a phased manner.

(ii) Measures should be taken to ensure that the benefit of subsidy reaches the consumers who really need it. Subsidies should be avoided for categories other than lifeline supplies.

(iii) In a post-restructuring scenario, the function of rural distribution may be performed by separate distribution entities. In order that subsidies do not impinge upon the commercial viability of these distribution entities, timely payment of subsidies should be ensured through budgetary provisions by State Governments.

(iv) In a situation where the private sector developers are not willing to take up rural distribution, alternative institutional arrangements may be created.

(v) Rural Electrification Corporation could be set up at the State level. Refinancing support for such organisations could come from REC/ PFC/NABARD.

(vi) Subsidy problem could be partially addressed through surcharge of procurement prices for foodgrains.

3. Preparatory Work

(i) The Committee has recommended that prior to initiating reforms/ restruing exercises. State Governments should initiate a series of pre-reforms diagnostic studies of technical and commercial nature in the area of Regulation, Tariff, Matering, Asset Valuation, etc.

(ii) All stake-holders (consumers/employees/political leaders) should be oriented to the reform process.

(iii) The State Governments should take up a number of policy initiatives including tariff reforms. This should forthwith implement tariff reforms on the lines of Common Minimum National Action Plan on Power (CMNAPP). The legislative changes in the Electricity (Supply) Act and Indian Electricity Act, establishment of a Regulatory Commission and statutory arrangement for transfer of employees, should be effected through Power Reforms Bill, Multiple viable distribution areas have to be created taking into consideration factors such as consumer mix, revenue potential, load growth potential, geographical area and contiguity.

4. Legislative changes

(i) State level regulatory issues:—

- The Regulatory Commissions shoiuld be vested with licensing autho-
  rity and the license terms should not make distinction between Transmission and Distribution on the basis of voltage level.
- Capacity planning should be the responsibility of the Regulatory Commission.
- Electrical Inspectorate should be made responsible to the State Regulatory Commission.
- Any tariff subsidy should be made good to licensees on a regular basis.
- The disputes between the state Regulatory Commissions and the State Governments should be referred to the respective High Courts.
- Expenses of the Regulatory Commission should be covered by a levy from the licensees.

(ii) Financial principtes of the Licensees:—

The Committee believes that the returns to the distribution licensee as per the present schedule VI of the Electricity (Supply) Act are adequate. In addition performance based regulation with incentives and penalties around the benchmark level of performance of the licensees would proved scope for earning higher returns to the licensees. The Committee has not recommended the switching over to Price Cap Regulation (RPI-X Regulation)

(iii) Tariff setting:—

Tariff across various distribution zones in the same State have to be uniform initially. It may give way to differential tariffs over a stipulated period of time.

(vi) Recommendations on the draft ERC Bill:—

The CERC should nto set policy guidelines for SERCs.

(v) Other issues:—

The Committee has made broad suggestions on how to improve quality of supply make metered supply mandatory etc.

5. Process of Selection of licensees

The process should be well designed in terms of time schedule for each State,

information to be given to the bidder, information sought from the bidder, evaluation criteria, etc.

Issues related to Valuation—

Balance sheets of SEBs have to be restructured as part of the overall sector-restructuring exercise, irrespective of the model followed for private sector participation.

Employee related Issues:—

Adequate preparatory work is required to dispel the fears of the employees that private sector perticipation would lead to large scale retrenchmant or affect job security/service conditions. The political leaders also have to be oriented to reforms. Dialogues with employees can be opened. Excess manpower has to be redeployed and retrained VRS package in the form of a pension scheme can be tried. The process of transfer should be legislated for in the Reforms Bill.

Subsidised Power Supply in the States

83. SHRI GAYA SINGH:
SHRI JALALUDIN ANSARI:
SHRI J. CHITHARANJAN:

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that most of the State Electricity Boards are running at a loss mainly due to the subsidised supply of power to farmers;

(b) if so, the States which are supplying power to farmers and also for domestic use at subsidised rates, and the extent of subsidy given during the years 1994-95, 95-96, 96-97 and 97-98; and

(c) how far this loss due to subsidy has been compensated by the Central Government/State Government?

THE MINISTER OF POWER (SHRI R. KUMARAMANGALAM): (a) Subsidised supply of power to different sectors is also one of the reasons for losses.

(b) and (c) Generally all SEBs are supplying power to farmers and domestic consumers at subsidised rates. As per information available, the subsidy given by State Governments for the years 1994-95, 95-96, 96-97 and 97-98 is given in the Statement.

Statement

Subsidy given by State Government during 1994-95, 1995-96 and 1996-97

S. No.	Name	1994-95	1995-96	1996-97
1.	APSEB	944.00	0.00*	0.00*
2.	ASEB	0	0.00	0.00
3.	BSEB	0.00	0.00	N/A
4.	GEB	215.00	459.00	262.53
5.	HPSEB	0.00	0.00	0.05
6.	HSEB	465.10	192.00*	219.32
7.	KEB	206.53	551.00	553.00
8.	KSEB	0.77	1.00	0.00
9.	MESEB	N/A	8.00	N/A
10.	MPEB	219.82	592.00*	310.00
11.	MSEB	0.00	631.00	258.71
12.	OSEB	161.00	190.00	N.E.
13.	PSEB	0.00	468.00	0.00
14.	RSEB	360.73	235.00	44.48
15.	TNEQ	350.06	416.00	370.10
16.	UPSEB	0.00	0.00	0.00
17.	WBSEB	30.10	82.00	55.00

* Excluding Adjustment Against S.G. Loans.
** Excluding Adjustment Against S.G. Equity.

N.A. — Not Available.
N.E. — Not in Existence.

Source — PFC

Cracks in Tehri Dam

84. SHRI S.M. KRISHNA: Will the Minister of POWER be pleased to state:

(a) whether Government are aware of the cracks reported recently in the under construction Tehri Dam; if so, the details/reports Government have received in this regard;

(b) whether Government have deputed/sent any team of experts to study the reasons and the implications of the cracks on the project, if so, the details thereof; and